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Hispanic Broadcasting to Make \$1 Bln in Purchases (Update1)

Hispanic Broadcasting to Make \$1 Bln in Purchases (Update1)

(Adds details in the third through seventh paragraphs.)

New York, Dec. 8 (Bloomberg) — Hispanic Broadcasting Corp., the largest Spanish-language radio broadcaster in the U.S., expects to make about \$1 billion in acquisitions in the next three to four years, Chairman McHenry Tichenor Jr. said.

Hispanic Broadcasting also expects to top analysts' fourth-quarter earnings forecasts, said Tichenor at a PaineWebber Inc. conference. The mean estimate of analysts surveyed by First Call Corp. puts the company's earnings at about 18 cents a share.

The Dallas-based company has submitted bids for some Clear Channel Communications Inc. stations and expects to hear back on winning bids after Jan. 1, said Tichenor. Clear Channel owns 28 percent of Hispanic Broadcasting, which has 45 stations, including pending acquisitions. The company plans to mostly use cash to finance purchases.

Hispanic Broadcasting is seeking to expand in the top 15 Hispanic markets, eventually owning about three FM and one AM station in each, it said. Of those top 15 markets, it doesn't own stations in Sacramento and Fresno, California, or in Denver.


The population targeted by Hispanic Broadcasting is one of the fastest-growing in the U.S. By the end of next year, about 11.8 percent of the U.S. population will consist of Hispanics, said Tichenor, citing census statistics.

The company is converting its AM stations from music to a news and talk format. Same-station revenue has fallen in the past few quarters because of the transition, though the company now expects to see growth in the fourth quarter.

About 5 percent of Hispanic's revenue comes from events such as trade fairs and festivals that it organizes. That percentage will double within the next few years, Tichenor said.

Hispanic Broadcasting shares rose 3 3/8 to 84 1/2. The stock has risen about 72 percent so far this year.

NYSE/AMEX delayed 20 min. NASDAQ delayed 15 min.

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HEFTEL BROADCASTING CORP

Filing Type: PROXY

Description: N/A

Filing Date: 06/03/99

Ticker:

Cusip: 422799

State: TX

Country: US

Primary SIC: 4832

Primary Exchange: OTH

Billing Cross Reference: 58211 0005 3775

Date Printed: 12/20/99

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SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934 (AMENDMENT NO.)

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

- ☐ Preliminary Proxy Statement
☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
☒ Definitive Proxy Statement
☐ Definitive Additional Materials
☐ Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

Heftel Broadcasting Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement
if other than the Registrant)

Payment of Filing Fee (check the appropriate box):

- ☒ No fee required.
☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11
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 - (4) Proposed maximum aggregate value of transaction:
 - (5) Total fee paid:
- ☐ Fee paid previously with preliminary materials.
☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
- (1) Amount previously paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing party:
 - (4) Date filed:

HEFTEL BROADCASTING CORPORATION
3102 OAK LAWN, SUITE 215
DALLAS, TX 75219

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD JUNE 3, 1999

To the Stockholders:

The Annual Meeting of the Stockholders of HEFTEL BROADCASTING CORPORATION (the "Annual Meeting") will be held at the Hotel Crescent Court, 400 Crescent Court, Dallas, Texas 75201, on June 3, 1999 at 10:00 a.m. local time, to consider and act upon the following matters, all as more fully described in the accompanying Proxy Statement which is incorporated herein by this reference:

- (1) To elect five members to the Board of Directors to serve until the next Annual Meeting of Stockholders or until their respective successors shall be elected and qualify.
- (2) To amend the Company's Second Amended and Restated Certificate of Incorporation to change the name of the Company from "Heftel Broadcasting Corporation" to "Hispanic Broadcasting Corporation."
- (3) To ratify the appointment of KPMG LLP as independent auditors for the fiscal year ending December 31, 1999.
- (4) To transact such other business and to consider and take action upon any and all matters that may properly come before the Annual Meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on April 29, 1999, as the record date for the determination of the stockholders entitled to notice of and to vote at the Annual Meeting and any adjournment thereof. For ten days prior to the Annual Meeting, a complete list of stockholders entitled to vote at the Annual Meeting will be available for examination by any stockholder for any purpose germane to the Annual Meeting during ordinary business hours at the Company's executive office, located at the address set forth above.

All stockholders are invited to attend the Annual Meeting in person.

By Order of the Board of Directors

David D. Lykes
CORPORATE SECRETARY

Dallas, Texas
April 30, 1999

IMPORTANT WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING, PLEASE MARK, SIGN AND RETURN THE ENCLOSED PROXY AS PROMPTLY AS POSSIBLE IN THE ENCLOSED ENVELOPE SO THAT YOUR STOCK MAY BE REPRESENTED AT THE ANNUAL MEETING.

HEFTEL BROADCASTING CORPORATION
3102 OAK LAWN, SUITE 215
DALLAS, TEXAS 75219
(214) 525-7700

PROXY STATEMENT

INFORMATION CONCERNING SOLICITATION AND VOTING

The enclosed proxy is solicited by and on behalf of the Board of Directors of Heftel Broadcasting Corporation (the "Company") in connection with the Annual Meeting of Stockholders and any adjournments thereof (the "Annual Meeting") to be held on June 3, 1999, at the Hotel Crescent Court, 400 Crescent Court, Dallas, Texas, 75201, at 10:00 a.m. local time. This Proxy Statement and the associated Proxy are first being sent or given to stockholders on or about April 30, 1999.

Stockholders are requested to complete, date, and sign the accompanying proxy, and return it promptly to the Company. Any proxy given may be revoked by a stockholder at any time before it is voted at the Annual Meeting or any adjournments thereof by filing with the Secretary of the Company a notice in writing revoking the proxy, or by duly executing and submitting a proxy bearing a later date. Proxies may also be revoked by any stockholder present at the Annual Meeting who expresses a desire to vote such shares in person. Subject to such revocation, all proxies duly executed and received prior to, or at the time of, the Annual Meeting will be voted in accordance with the specification on the proxy card. If no specification is made, proxies will be voted in favor of the proposals therein. As to other matters, if any, to be voted upon, the persons designated as proxies will take such actions as they, in their discretion, may deem advisable. The persons named as proxies were selected by the Board of Directors of the Company, and each of them is a director of the Company.

Under the Company's bylaws and Delaware law, shares represented by proxies that reflect abstentions or "broker non-votes" (i.e.: shares held by a broker or nominee which are represented at the Annual Meeting, but with respect to which such broker or nominee is not empowered to vote on a particular proposal) will be counted as shares that are present and entitled to vote for purposes of determining the presence of a quorum. Any shares not voted (whether by abstention, broker non-vote or otherwise) will have no impact on the election of directors, except to the extent that the failure to vote for an individual results in another individual receiving a larger proportion of votes. Any shares represented at the Annual Meeting but not voted (whether by abstention, broker non-vote or otherwise) with respect to the proposals to (i) amend the Company's Second Amended and Restated Certificate of Incorporation to change the name of the Company, or (ii) ratify the selection of KPMG LLP will have no effect on the vote for such proposals except to the extent the number of abstentions causes the number of shares voted in favor of the proposal not to equal or exceed the minimum number of shares necessary to approve such proposals (in which case the proposal would not be adopted).

The Company will bear the cost of the solicitation of proxies, including the charges and expenses of brokerage firms and others forwarding the solicitation material to beneficial owners of stock. Directors, officers and regular employees of the Company may solicit proxies personally, by telephone or by telegraph but will not be separately compensated for such solicitation services.

STOCKHOLDERS' VOTING RIGHTS

Each share of the Company's Class A Common Stock, \$.001 par value ("Class A Common Stock"), outstanding at the close of business on April 29, 1999, (the "Record Date") will be entitled to notice of, and to vote at, the Annual Meeting. Each share of the Company's Class A Common Stock is entitled to one vote. There were 35,182,719 shares of Class A Common Stock outstanding on the Record Date. The Company also has 14,156,470 shares of Class B Common

Stock, \$.001 par value ("Class B Common Stock" and together with the Class A Common Stock, the "Common Stock") outstanding. All of the outstanding shares of Class B Common Stock are currently held by Clear Channel Communications, Inc. ("Clear Channel") and its affiliates. Holders of Class B Common Stock do not have voting rights except as provided in the Company's Second Amended and Restated Certificate of Incorporation. As long as Clear Channel and its affiliates own at least 20% of the then outstanding Common Stock, neither the Company nor any of its subsidiaries may, without the affirmative vote or consent of the holders of a majority of the Class B Common Stock voting as a single class, (i) effect the sale, lease or other transfer of all or substantially all of the Company's assets, or any merger or consolidation involving the Company where the stockholders of the Company immediately prior to such transaction would not own at least 50% of the capital stock of the surviving entity, or any reclassification, recapitalization, dissolution, liquidation or winding up of the Company; (ii) authorize, issue or obligate itself to issue any shares of Preferred Stock; (iii) make or permit any amendment to the Company's certificate of incorporation that adversely affects the rights of the holders of the Class B Common Stock; (iv) declare or pay any non-cash dividends on or make any other non-cash distribution on the Company's Common Stock; or (v) make or permit any amendment or modification to the Company's certificate of incorporation concerning the Company's capital stock. Shares of Class B Common Stock will be entitled to one vote per share on all such matters submitted for a vote or consent to the holders thereof. In addition, shares of Class B Common Stock are convertible into shares of Class A Common Stock at the holder's option, subject to the receipt of applicable regulatory approvals, including compliance with the FCC's "cross-interest" policy. The voting rights and conversion privileges of the Class B Common Stock as described herein may have the effect of impeding the acquisition of control of the Company by means of a tender offer, proxy fight, open market purchases or otherwise. See "Security Ownership of Certain Beneficial Owners and Management" and "Certain Transactions."

The presence, in person or by proxy, of the holders of a majority of the outstanding shares of Class A Common Stock entitled to vote is necessary to constitute a quorum at the Annual Meeting. If a quorum is not present, the stockholders entitled to vote who are present in person or by proxy at the Annual Meeting have the power to adjourn the Annual Meeting from time to time, without notice other than an announcement at the Annual Meeting, until a quorum is present. At any adjourned Annual Meeting at which a quorum is present, any business may be transacted that might have been transacted at the Annual Meeting as originally noticed.

With respect to election of directors, the five candidates receiving the highest number of votes from holders of Class A Common Stock will be elected. The approval of the amendment to the Company's Second Amended and Restated Certificate of Incorporation to change the name of the Company requires the affirmative vote of stockholders holding a majority of the outstanding shares of Class A Common Stock. The appointment of KPMG LLP requires the affirmative vote of stockholders holding a majority of the shares of Class A Common Stock represented and voting at the Annual Meeting.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding ownership of the Class A Common Stock and Class B Common Stock as of the Record Date by (i) each person known by the Company to be the beneficial owner of more than 5% of the outstanding shares of Class A Common Stock, (ii) each director of the Company, (iii) the current and former Chief Executive Officers and each other executive officer of the Company named in the Summary Compensation

Table, and (iv) all executive officers and directors of the Company as a group.

NAME	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP OF CLASS A COMMON STOCK	PERCENT OF CLASS
McHenry T. Tichenor, Jr.....	7,204,532 (1)	20.5%
McHenry T. Tichenor.....	7,160,342 (2)	20.4
Robert W. Hughes.....	5,000 (3)	*
James M. Raines.....	5,500 (3)	*
Ernesto Cruz.....	5,000 (3) (4)	*
Ricardo A. del Castillo.....	122,736	*
Jeffrey T. Hinson.....	157,216 (5)	*
David D. Lykes.....	256,000 (6)	*
Ronald Baron (7).....	3,829,900	10.9
Warren W. Tichenor.....	7,209,572 (8)	20.5
AMVESCAP PLC (9).....	1,808,000	5.1
Janus Capital Corporation (10).....	3,568,445	10.1
Putnam Investments, Inc. (11).....	3,490,684	9.9
All Directors and Executive Officers as a Group (8 persons).....	7,755,984	22.0

*Indicates less than 1.0%.

- (1) Includes 1,755,334 shares held by McHenry T. Tichenor, Jr. and 5,449,198 shares held by McHenry T. Tichenor Jr.'s family, with respect to which McHenry T. Tichenor, Jr. shares voting control pursuant to a voting agreement among certain members of the Tichenor family (the "Tichenor Voting Agreement").
- (2) Includes 195,468 shares held by McHenry T. Tichenor and 6,964,874 shares held by McHenry T. Tichenor's family, with respect to which McHenry T. Tichenor shares voting control pursuant to the Tichenor Voting Agreement.
- (3) Includes 5,000 vested but unexercised stock options for shares of Class A Common Stock.
- (4) Excludes 2,000 shares owned by the reporting person's children.
- (5) Excludes 4,694 shares owned by the reporting person's children.
- (6) Excludes 18,000 shares held by the reporting person's spouse.
- (7) Ronald Baron reported beneficial ownership of an aggregate of 3,829,900 shares of Class A Common Stock through Baron Capital Group, Inc. which is controlled by Ronald Baron. Ronald Baron disclaims beneficial ownership since all shares are held on behalf of advisory clients. Ronald Baron's mailing address is 767 Park Avenue, 24th floor, New York, New York 10153.
- (8) Includes 2,225,778 shares held by Warren W. Tichenor and 4,983,794 shares held by Warren W. Tichenor's family, with respect to which Warren W. Tichenor shares voting control pursuant to the Tichenor Voting Agreement. Excludes 6,000 shares held by the reporting person's spouse. Warren W. Tichenor's mailing address is 37 Eton Green Circle, San Antonio, Texas 78257.
- (9) Address: 11 Devonshire Square, London EC2M 4YR, England.
- (10) Address: 100 Fillmore Street, Denver, Colorado 80206-4923.
- (11) Address: One Post Office Square, Boston, Massachusetts 02109.

As of the Record Date, Clear Channel and its affiliates owned no shares of Class A Common Stock. However, Clear Channel and its affiliates owned all of the outstanding shares of the Company's Class B Common Stock (14,156,470 shares), which accounted for approximately a 28.7% interest in the Common Stock of the Company.

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PROPOSAL ONE ELECTION OF DIRECTORS

Five directors, constituting the entire Board of Directors, are to be elected at the Annual Meeting to hold office until the next Annual Meeting of Stockholders or until their respective successors have been elected and shall

qualify. The Board of Directors has designated McHenry T. Tichenor, Jr., McHenry T. Tichenor, Robert W. Hughes, James M. Raines and Ernesto Cruz as nominees, each of whom currently serves as a member of the Board of Directors. It is the intention of the persons named in the enclosed proxy to vote the shares covered by each proxy for the election of all the nominees named above. Although the Board of Directors does not anticipate that any nominees will be unavailable for election, in the event of such occurrence the proxies will be voted for such substitute, if any, as the Board of Directors may designate. There is no cumulative voting for the Board of Directors.

THE BOARD OF DIRECTORS RECOMMENDS THAT EACH HOLDER OF CLASS A COMMON STOCK VOTE "FOR" THE ELECTION OF EACH OF THE NOMINEES LISTED ABOVE.

DIRECTORS, NOMINEES FOR DIRECTOR AND EXECUTIVE OFFICERS

The following table sets forth information concerning the current directors (representing all nominees for director) and executive officers of the Company:

NAME ----	POSITION WITH COMPANY -----	AGE ---
McHenry T. Tichenor, Jr.	Chairman of the Board, President and Chief Executive Officer	43
David D. Lykes	Executive Vice President, Chief Operating Officer and Secretary	64
Jeffrey T. Hinson	Senior Vice President, Chief Financial Officer and Treasurer	44
McHenry T. Tichenor	Director	66
Robert W. Hughes	Director	63
James M. Raines	Director	59
Ernesto Cruz	Director	44

McHenry T. Tichenor, Jr. has been the Chairman of the Board, President, Chief Executive Officer, and a director of the Company since February 14, 1997. From 1981 until February 14, 1997, Mr. Tichenor was the President, Chief Executive Officer, and a director of Tichenor.

David D. Lykes has served as the Executive Vice President and Chief Operating Officer of the Company since February 14, 1997. Mr. Lykes previously served as the Senior Vice President of Operations and a director of Tichenor. Mr. Lykes began his career at Tichenor in 1959.

Jeffrey T. Hinson has served as the Senior Vice President and Chief Financial Officer of the Company since February 14, 1997. From October 1995 until February 14, 1997, Mr. Hinson served as the Chief Financial Officer, Treasurer, and a director of Tichenor. From October 1991 to October 1995, Mr. Hinson was president of Alliance Investors Holding, Ltd., a privately held merchant bank located in Houston, Texas.

McHenry T. Tichenor has been a director and an employee of the Company since February 14, 1997. From 1981 until February 14, 1997, Mr. Tichenor served as the Vice Chairman and a director of Tichenor. McHenry T. Tichenor is the father of McHenry T. Tichenor, Jr.

Mr. Hughes became a director of the Company on February 14, 1997. Mr. Hughes is Chairman of Prime Management Group in Austin, Texas. In that capacity, he also serves as Chairman of Prime Cable, Prime Video, Prime Venture I, and Prime New Ventures Management, and has served in such position for more than five years. Mr. Hughes serves on the Board of Directors of

Atlantic Cellular, Providence, Rhode Island, and Hawaiian Wireless, Honolulu, Hawaii. For the past 28 years, he has primarily been involved in the cable television industry.

Mr. Raines became a director of the Company on August 5, 1996. Mr. Raines is the President of James M. Raines & Company, and has served in such position for more than five years. Mr. Raines serves on the Board of Directors of Waddell & Reed Financial, Inc.

Mr. Cruz became a director of the Company on August 5, 1996. Mr. Cruz is a Managing Director of Credit Suisse First Boston Corporation, and has served in this position for more than five years.

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INFORMATION CONCERNING THE BOARD OF DIRECTORS AND CERTAIN COMMITTEES THEREOF

The Board of Directors has an Audit Committee and a Compensation Committee. The functions of the Audit Committee include (i) selecting independent auditors for the Company, (ii) reviewing and arranging the scope of audits of the Company's financial statements and reviewing with the independent auditors and management of the Company the results thereof, including evaluation of the internal accounting controls, and (iii) reviewing and approving the Company's accounting principles and methods of their application. The members of the Audit Committee are Messrs. Hughes (Chairman), Cruz and Raines. The Audit Committee held four meetings during the last fiscal year.

The members of the Compensation Committee are Messrs. Cruz (Chairman), Hughes and Raines. The functions of the Compensation Committee are to (i) approve policies, plans and performance criteria concerning the salaries, bonuses and other compensation of the executive officers of the Company, (ii) review and approve the salaries, bonuses and other compensation of the executive officers of the Company, (iii) establish and review policies regarding executive officer prerequisites, (iv) engage experts on compensation matters, if and when the members of the Compensation Committee deem it proper or advisable to do so, and (v) perform such other duties as shall from time to time be delegated by the Board. The Compensation Committee held three meetings during the last fiscal year.

The Board of Directors held a total of four meetings during the last fiscal year. Each incumbent director who was a director of the Company during the fiscal year ended December 31, 1998, attended more than 75% of the aggregate number of meetings of the Board and the committees of which they were members that were held during the period such director was a member of the Board of Directors.

EXECUTIVE COMPENSATION AND OTHER MATTERS

SUMMARY COMPENSATION TABLE

The following table sets forth information concerning the compensation of each individual who served as Chief Executive Officer during the fiscal year ended December 31, 1998, and each of the other three most highly compensated executive officers whose total cash compensation exceeded \$100,000 for services rendered in all capacities for the year ended December 31, 1998 (the "Named Executive Officers").

Name And Principal Position	Year	Annual Compensation			Long-Term Compensation			
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards		Payouts	
					Restricted Stock Awards (\$)	Options (#)	LTIP Payout (\$)	All Other Compensation (\$)
McHenry T. Tichenor, Jr. Chairman, President and CEO	1998(1)	\$ 265,897	\$ 249,635	\$ -	\$ -	18,000	\$ -	\$ 1,850(4)
	1997(2) (3)	227,500	240,243	-	-	40,000	-	1,850(4)
David D. Lykes Executive Vice President and COO	1998(1)	230,000	170,313	-	-	16,000	-	23,689(5)
	1997(2) (3)	201,250	161,199	-	-	35,000	-	15,025(5)
Jeffrey T. Hinson Senior Vice President and CFO	1998(1)	180,000	160,805	-	-	16,000	-	1,850(4)
	1997(2) (3)	157,500	151,042	-	-	35,000	-	1,850(4)

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Name And Principal Position	Year	Annual Compensation			Long-Term Compensation			
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards		Payouts	
					Restricted Stock Awards (\$)	Options (#)	LTIP Payout (\$)	All Other Compensation (\$)
Ricardo A. del Castillo(6) Former Senior Vice President	1998(1)	133,269	66,648	-	-	8,000	-	1,850(4)
	1997(2) (3)	105,000	86,696	-	-	20,000	-	1,850(4)

- (1) Represents the year ended December 31, 1998.
- (2) Represents partial year compensation in 1997. Became an executive officer of the Company on February 14, 1997 upon consummation of the Tichenor Merger.
- (3) Represents the year ended December 31, 1997, except as noted in (2) above.
- (4) Represents Company contributions to the 401(k) plan account of the respective employee.
- (5) Represents \$23,439 and \$13,175 of insurance premiums paid by the Company for the years ended December 31, 1998 and 1997, respectively, on a split-dollar life insurance policy where Mr. Lykes names the beneficiary. The amount includes the term life portion of the premiums paid by the Company. The remaining \$1,850 represents Company contributions to his 401(k) plan account.
- (6) Mr. A. del Castillo resigned from the Company on January 25, 1999.

OPTIONS

The following table sets forth certain information concerning options granted to the Named Executive Officers during the year ended December 31, 1998.

Name	Individual Grants				Potential Realizable Value At Assumed Annual Rates of Stock Price Appreciation for Option Term	
	Number of Securities Underlying Options Granted (#)	Percent of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price (\$/share)	Expiration Date	5% (\$)	10% (\$)
McHenry T. Tichenor, Jr.	18,000	4.9%	\$36.25	06/04/2008	\$410,354	\$1,039,917
David D. Lykes	16,000	4.3	36.25	06/04/2008	364,759	924,371
Jeffrey T. Hinson	16,000	4.3	36.25	06/04/2008	364,759	924,371
Ricardo A. del Castillo	8,000	2.2	36.25	06/04/2008	182,379	462,185

The following table sets forth certain information regarding stock options exercised by the Named Executive Officers during the year ended December 31, 1998, including the aggregate value of gains on the date of exercise. In addition, the table sets forth the number of shares covered by both exercisable and nonexercisable stock options as of December 31, 1998. Also reported are the values of "in the money" options which represent the positive spread between the exercise price of any existing stock options and the Common Stock price as of December 31, 1998.

Name	Shares Acquired on Exercise (#)	Value Realized (\$)	Number of Securities Underlying Unexercised Options at Fiscal Year End (#)		Value of Unexercised In-the-Money Options at Fiscal Year End (\$)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
McHenry T. Tichenor, Jr.	-	-	-	58,000	-	\$1,264,000
David D. Lykes	-	-	-	51,000	-	1,109,250
Jeffrey T. Hinson	-	-	-	51,000	-	1,109,250
Ricardo A. del Castillo	-	-	-	28,000	-	619,000

EMPLOYMENT AGREEMENTS

On February 14, 1997, upon the closing of the Tichenor Merger, the Company entered into an Employment Agreement with McHenry Tichenor, Jr. to serve as President and Chief Executive Officer of the Company. Mr. Tichenor's Employment Agreement provides for a five year term at an annual salary of \$260,000 plus incentive compensation as determined by the Compensation Committee of the Board of Directors. Upon termination by the Company without cause or by Mr. Tichenor for good reason, the Company is obligated to pay Mr. Tichenor a lump sum amount equal to the estimated payments of salary and bonus remaining through the end of the term of the agreement. Furthermore, Mr. Tichenor's Employment Agreement provides that Mr. Tichenor agrees not to compete with the Company for a period of one year following the date his Employment Agreement is terminated.

DIRECTOR COMPENSATION

Each member of the Board of Directors other than McHenry T. Tichenor, Jr. receives an annual fee of \$20,000, payable in quarterly installments which the directors may elect to receive in cash or shares of the Company's Class A Common Stock. Each non-employee director receives a one-time grant of 2,500 options for the Company's Class A Common Stock when they attend their first meeting of the Board of Directors. These options are fully exercisable commencing six months from the date of grant and expire ten years after the date of grant. The Company also reimburses directors for expenses related to attending board or committee meetings. The Company's directors do not receive any additional compensation for attendance at board or committee meetings.

CERTAIN TRANSACTIONS

The following transactions were entered into between the Company and certain current directors, nominees for election as directors, officers and beneficial owners of five percent or more of the Company's Common Stock.

On February 3, 1997, Tichenor, a wholly-owned subsidiary of the Company, granted Heart Unlimited Company ("Heart") an option to purchase radio station KPOZ(AM) in San Antonio, Texas for a purchase price of \$1.0 million. McHenry T. Tichenor, a director of the Company and the father of McHenry T. Tichenor,

HERTZEL BROADCASTING CORP. - FORM 10-K
Jr., is the controlling shareholder of Heart. The term of the option was from February

3, 1997, until November 3, 1998. The option was not exercised and it expired. In addition, Tichenor entered into a 24-month Local Marketing Agreement with Heart. Under the terms of the Local Marketing Agreement, Heart pays the Company \$4,000 a month during the first 12 months of the agreement and \$5,000 a month during the last 12 months of the agreement. Heart also reimburses the Company for the cost of operating and maintaining the station's transmitter. The term of the Local Marketing Agreement expired on February 28, 1999.

In connection with the closing of the Tichenor Merger on February 14, 1997, McHenry T. Tichenor, Jr., McHenry T. Tichenor, certain other members of the Tichenor family, David D. Lykes, Jeffrey T. Hinson, Ricardo A. del Castillo, and certain other former Tichenor stockholders (the "Major Tichenor Stockholders") entered into a Registration Rights Agreement (the "Tichenor Registration Rights Agreement") pursuant to which the Company granted to the Major Tichenor Stockholders the following demand registration rights: (i) at any time during the three year period following the date on which Clear Channel beneficially owns a greater number of shares of Class A Common Stock than the number of shares owned by the Major Tichenor Stockholders (the "Conversion Date"), up to two demand registrations, and (ii) prior to the Conversion Date, during any period (a) in which less than 2.0 million shares of Class A Common Stock are held by public stockholders, one demand registration or (b) after February 14, 1998, until the earlier of (1) such time as the Company consummates a qualified public offering (as defined in the Tichenor Registration Rights Agreement) or (2) the exercise of the demand registration right under clause (a), one demand registration. Any demand registration must be made by the holders of at least 25% of the registrable securities held by the Major Tichenor Stockholders and the size of the proposed registered offering must be at least \$20.0 million. The Tichenor Registration Rights Agreement also provides the Major Tichenor Stockholders with certain piggyback registration rights.

In connection with the closing of the Tichenor Merger on February 14, 1997, the Company entered into a Registration Rights Agreement with Clear Channel (the "Clear Channel Registration Rights Agreement"). Under the Clear Channel Registration Rights Agreement, the Company has granted Clear Channel certain rights to demand registration of shares of the Company's Class A Common Stock in the event of a distribution of such shares to Clear Channel's stockholders. The agreement also provides Clear Channel with certain "piggy-back" registration rights.

In connection with the closing of the Tichenor Merger on February 14, 1997, Clear Channel and the Major Tichenor Stockholders entered into a Stockholders Agreement with the Company whereby such stockholders agreed to certain restrictions on the transfer of their shares of Class A Common Stock and granted certain rights of first refusal and "tag along" rights with respect to certain sales of such shares.

Ernesto Cruz, a director of the Company, is a Managing Director of Credit Suisse First Boston Corporation, which performed investment banking services for the Company during the last fiscal year.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16 of the Securities Exchange Act of 1934, as amended, requires the Company's directors and executive officers and persons who own more than 10% of a registered class of the Company's equity securities to file various reports with the Securities and Exchange Commission concerning their holdings

of, and transactions in, securities of the Company. Copies of these filings must be furnished to the Company.

Based on a review of the copies of such forms furnished to the Company and written representations from the Company's executive officers and directors, the Company believes that, during the year ended December 31, 1998, all of its directors and executive officers were in compliance with the applicable filing requirements.

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BOARD COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Compensation Committee reviews the performance of the executive officers of the Company, reviews and approves the compensation of the executive officers of the Company, and reviews the compensation programs for other key employees, including salary and cash bonus levels. The Compensation Committee currently consists of three outside directors, Ernesto Cruz, Robert W. Hughes and James M. Raines. Robert Hughes and James M. Raines are also members of the committee (the "Option Committee") that awards options under the Company's Long-Term Incentive Plan (the "Incentive Plan").

COMPENSATION POLICIES AND PHILOSOPHY

The financial success of the Company is linked to the ability of its executive officers and managers to direct the Company's current operations, and to assess the advantages of potential acquisitions, and realign the operations of the acquired entities with the operating policies of the Company. A major objective of the Company's compensation strategy is to attract and retain top-quality executive officers and managers. Another objective of the Company's compensation strategy is to reward executive officers and managers based on the financial performance of operations under their control. Financial incentives are used to motivate those responsible to achieve the Company's financial goals and to align the interests of the Company's managers with the interests of the Company's stockholders.

In order to achieve the foregoing objectives, the Company uses a combination of base salary, cash bonuses, and stock options.

In establishing the compensation levels for the Company's executive officers, the Compensation Committee considers a number of factors, including the level and types of compensation paid to executive officers in similar positions by comparable companies. In addition, the Compensation Committee evaluates the Company's performance by looking at factors such as performance relative to competitors, performance relative to business conditions and the success of the Company in meeting its financial objectives.

COMPONENTS OF COMPENSATION

Executive officer base salaries are established in relation to salaries for individuals in comparable positions paid by other companies in the radio broadcast industry.

Executive officer cash bonuses are used to provide executive officers with financial incentives to meet annual performance targets. The performance targets are based on the Company's budgeted goals pursuant to a detailed annual operating plan. Bonus recommendations for executive officers other than the Chief Executive Officer ("CEO") are proposed by the CEO, reviewed and, when appropriate, revised and approved by the Compensation Committee. The Compensation Committee also establishes the bonus level for the CEO.

The Compensation Committee believes that equity ownership by the

executive officers, managers, and other employees of the Company provides incentive to build stockholder value and aligns the interests of these employees with the interests of stockholders. Upon hiring executive officers, managers, and certain other key employees, the Option Committee, a subset of the Compensation Committee, typically approves stock option grants under the Incentive Plan, subject to applicable vesting periods. Thereafter, the

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Option Committee considers awarding additional grants, usually on an annual basis, under the Incentive Plan. The Option Committee believes these additional annual grants will provide incentives for executive officers, managers, and key employees to remain with the Company. Options are granted at the current market price of the Company's Class A Common Stock and, consequently, have value only if the price of the Company's Class A Common Stock increases over the exercise price. The size of the initial and periodic grants to employees other than the CEO and the executive officers are proposed by the CEO, reviewed and, when appropriate, revised and approved by the Option Committee. The Option Committee establishes the size of the initial and periodic grants to the CEO and the executive officers.

At the 1997 Annual Meeting, the stockholders approved the Incentive Plan, which meets the requirements of Section 162(m) of the Internal Revenue Code. The Company's present intention is that awards under the Incentive Plan comply with Section 162(m).

COMPENSATION OF THE CEO

On February 14, 1997, the Company entered into an Employment Agreement with McHenry T. Tichenor, Jr., Chairman of the Board, President, and Chief Executive Officer of the Company, which provides an annual base salary of \$260,000, with monthly and annual bonuses based on the performance of the Company. See "Employment Agreements." The Compensation Committee reviews the performance of the CEO of the Company, as well as other executive officers of the Company annually.

Respectfully submitted,

Compensation Committee

Ernesto Cruz
Robert W. Hughes
James M. Raines

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STOCKHOLDER RETURN PERFORMANCE PRESENTATION

The graph below compares the cumulative total stockholder return on the Company's Class A Common Stock with the cumulative total return on the Standard & Poor's 500 Index and the Standard & Poor's Broadcasting Index for TV, Radio and Cable for the period commencing on July 27, 1994 (the date trading of the Company's Class A Common Stock commenced on the Nasdaq National Market) and ending on December 31, 1998. The data set forth below assumes the value of an investment in the Company's Class A Common Stock and each Index was \$100 on July 27, 1994.

COMPARISON OF 53 MONTH CUMULATIVE TOTAL RETURN*
AMONG HEFTTEL BROADCASTING CORPORATION, THE S & P 500 INDEX AND THE S & P

BROADCASTING (TV, RADIO & CABLE) INDEX

{GRAPH}

	7/27/94	SEP 94	SEP 95	SEP 96	DEC 96	DEC 97	DEC 98
Heftel Broadcasting Corporation	100.00	135.90	197.44	447.44	323.08	958.97	1,010.26
Standard & Poor's 500	100.00	104.89	136.09	163.77	177.42	236.61	304.22
Standard & Poor's Broadcasting (TV, Radio & Cable)	100.00	106.24	132.70	109.25	113.40	186.57	289.43

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PROPOSAL TWO

AMENDMENT TO THE COMPANY'S SECOND AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION TO CHANGE THE NAME OF THE COMPANY

The Board of Directors has unanimously approved and recommends to the stockholders an amendment to the Company's Second Amended and Restated Certificate of Incorporation to change the name of the Company from "Heftel Broadcasting Corporation" to "Hispanic Broadcasting Corporation." The Board of Directors believes that the change in name will better reflect the present operations and business of the Company.

The change of the Company's name will become effective upon the filing of a certificate of amendment to the Company's Second Amended and Restated Certificate of Incorporation with the Secretary of State of the state of Delaware, which is anticipated to be as soon as practicable following the date of the Annual Meeting. The ticker symbol for the Company's Class A Common Stock will not change from "HBCCA."

The change in the Company's name will not affect the validity or transferability of the Company's outstanding securities or affect the Company's capital or corporate structure. The Company's stockholders will not be required to exchange any certificates representing any of the Company's securities held by them.

THE BOARD RECOMMENDS THAT THE HOLDERS OF CLASS A COMMON STOCK VOTE "FOR" THE PROPOSED AMENDMENT.

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PROPOSAL THREE

RATIFICATION OF SELECTION OF INDEPENDENT AUDITORS

On February 19, 1997, Ernst & Young LLP, the Company's prior independent accountants, were notified that KPMG LLP had been approved by the Board of Directors of the Company and its Audit Committee as the Company's new independent accountants. Ernst & Young LLP had served as the independent accountants for the Company and its subsidiaries for the fiscal year ended September 30, 1996 and the three months ended December 31, 1996. The independent auditors' reports of Ernst & Young LLP on the consolidated financial statements of the Company and its subsidiaries as of September 30,

1996 and December 31, 1996, and for the year ended September 30, 1996 and the three months ended December 31, 1996, each expressed an unqualified opinion, and were not modified as to uncertainty, audit scope or accounting principles. During the fiscal year ended September 30, 1996, and through February 18, 1997, there were no "reportable events" (as such term is defined in Regulation S-K, Item 304(a)(1)(v)) or disagreements with Ernst & Young LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure that were not resolved to the satisfaction of Ernst & Young LLP.

The Company's financial statements for the year ended December 31, 1998, have been audited by KPMG LLP, independent certified public accountants. Representatives of KPMG LLP are expected to be present at the Annual Meeting to respond to appropriate questions, and will have an opportunity to make a statement if they so desire.

The Board has appointed KPMG LLP as independent auditors to audit the financial statements of the Company for the year ending December 31, 1999. Unless otherwise directed, the persons named in the accompanying proxy will vote in favor of the ratification of the appointment of KPMG LLP.

THE BOARD RECOMMENDS THAT THE HOLDERS OF CLASS A COMMON STOCK VOTE "FOR" THE RATIFICATION OF KPMG LLP AS AUDITORS FOR THE YEAR ENDING DECEMBER 31, 1999.

STOCKHOLDER PROPOSALS FOR NEXT ANNUAL MEETING

The Bylaws of the Company provide a procedure for stockholder proposals and stockholder nominations for election of directors. That procedure provides that any stockholder intending to present a proposal or nomination for election of one or more directors at the Annual Meeting must deliver a written notice to the Company's Corporate Secretary at the Company's principal executive offices not less than 60 days nor more than 120 days before the date of such Annual Meeting; provided, however, that in the event that the first public disclosure (whether by mailing of a notice to stockholders or to an exchange on which the Common Stock of the Company is listed or to the Nasdaq National Market, by press release or otherwise) of the date of the Annual Meeting is made less than 65 days prior to the date of the meeting, notice by the stockholder will be timely received not later than the close of business on the tenth day following the day on which such public disclosure was first made.

Any such notice from a stockholder to the Company's Corporate Secretary must contain (i) the name and address of that stockholder as they appear on the Company's books (and, if the nomination or proposal in question is made on behalf of a beneficial owner of Common Stock, the name and address of that beneficial owner), (ii) the number of shares of each class of the Company's stock beneficially owned by that stockholder and (iii) such other information relating to the stockholder or the nomination required to be disclosed under the rules of the Securities and Exchange Commission. If the stockholder's notice to the Company's Corporate Secretary proposes to nominate one or more individuals for election or re-election as a director, that notice must also include for each such individual all information relating to that person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in

each case pursuant to Regulation 14A under the Securities Exchange Act of 1934 (including that individual's written consent to being named in the proxy statement as a nominee and to serve as a director if elected). If the stockholder's notice to the Corporate Secretary proposes to bring other

business before the Annual Meeting, that notice must include a reasonably detailed description of (i) that business, (ii) the reasons for conducting that business at the Annual Meeting, and (iii) any material interest of the stockholder in that business (and by the beneficial owner, if any, on whose behalf the proposal is made). If a stockholder proposal or nomination is not made in accordance with the procedure set forth above, the Chairman of the Annual Meeting shall, if the facts warrant, determine and declare at the Annual Meeting that the proposed business or nomination was not properly brought before the Annual Meeting in accordance with the procedures set forth in the Bylaws and direct that the business not be transacted or that the defective nomination be disregarded.

In order for a stockholder proposal to be included in the Board of Directors' Proxy Statement for the next Annual Meeting of Stockholders, such proposal must be submitted in writing and must be received at 3102 Oak Lawn, Suite 215, Dallas, Texas 75219, Attention: Corporate Secretary, no later than the close of business on December 31, 1999.

ANNUAL REPORT

The Company's Annual Report on Form 10-K containing its financial statements for the fiscal year ended December 31, 1998, has been mailed concurrently herewith. The Annual Report to Stockholders is not incorporated in this Proxy Statement and is not deemed to be a part of the proxy solicitation material. Any stockholder who does not receive a copy of such Annual Report on Form 10-K may obtain one by writing to the Company.

REPORT FILED WITH SECURITIES AND EXCHANGE COMMISSION

Any beneficial owner of securities of the Company whose proxy is hereby solicited may request and receive without charge a copy of the Company's Annual Report on Form 10-K, including the financial statements thereto, but excluding exhibits and schedules, filed with the Securities and Exchange Commission. Such request should be addressed to: Heftel Broadcasting Corporation, 3102 Oak Lawn, Suite 215, Dallas, Texas 75219, Attention: Corporate Secretary.

OTHER MATTERS

As of the date of this Proxy Statement, the Board of Directors does not know of any other matter which will be brought before the Annual Meeting. However, if any other matter properly comes before the Annual Meeting, or any adjournment thereof, the person or persons voting the proxies will vote on such matters in accordance with their best judgment and discretion.

By Order of the Board of Directors

McHenry T. Tichenor, Jr.
Chairman of the Board

Dallas, Texas
April 30, 1999

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HEFTEL BROADCASTING CORPORATION

PROXY SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD JUNE 3, 1999

The undersigned hereby appoints McHenry T. Tichenor, Jr. and Jeffrey T. Hinson, and each of them, proxies of the undersigned with full power of

substitution for and in the name, place and stead of the undersigned to appear and act for and to vote all shares of Class A Common Stock of HEFTEL BROADCASTING CORPORATION standing in the name of the undersigned or with respect to which the undersigned is entitled to vote and act at the Annual Meeting of Stockholders of said Company to be held in Dallas, Texas on June 3, 1999 at 10:00 A.M., local time, or at any adjournments or postponements thereof, with all powers the undersigned would possess if then personally present, as indicated on the reverse side.

THIS UNDERSIGNED ACKNOWLEDGES RECEIPT OF NOTICE OF SAID MEETING AND ACCOMPANYING PROXY STATEMENT AND OF THE 1998 ANNUAL REPORT ON FORM 10-K AND RATIFIES AND CONFIRMS ALL ACTS THAT ANY OF THE SAID PROXY HOLDERS OR THEIR SUBSTITUTES MAY LAWFULLY DO OR CAUSE TO BE DONE BY VIRTUE HEREOF.

(Continued and to be dated and signed on the reverse side.)

HEFTEL BROADCASTING CORPORATION

1. ELECTION OF DIRECTORS

FOR all five nominees listed below { }

WITHHOLD AUTHORITY to vote for all five nominees below { }

EXCEPTIONS* { }

Nominees: McHenry T. Tichenor, Jr. McHenry T. Tichenor Robert W. Hughes
James M. Raines Ernesto Cruz

(INSTRUCTIONS: TO WITHHOLD AUTHORITY TO VOTE FOR ANY INDIVIDUAL NOMINEE MARK THE "EXCEPTIONS" BOX AND WRITE THAT NOMINEE'S NAME IN THE SPACE PROVIDED BELOW.) *Exceptions:

2. AMENDMENT OF THE COMPANY'S SECOND AMENDED AND RESTATED CERTIFICATE OF INCORPORATION TO CHANGE THE NAME OF THE COMPANY FROM "HEFTEL BROADCASTING CORPORATION" TO "HISPANIC BROADCASTING CORPORATION."

FOR { } AGAINST { } ABSTAIN { }

3. RATIFICATION OF THE APPOINTMENT OF KPMG LLP AS INDEPENDENT AUDITORS FOR THE FISCAL YEAR ENDING DECEMBER 31, 1999.

FOR { } AGAINST { } ABSTAIN { }

4. IN THEIR DISCRETION, THE PROXIES ARE AUTHORIZED TO VOTE UPON SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE MEETING OR ANY ADJOURNMENT(S) THEREOF.

Change of Address and/or Comments: { }

Please sign your name exactly as it appears hereon. Joint owners should sign personally. Attorney, Executor, Administrator, Trustee or Guardian should indicate full title.

Dated: _____, 1999

Stockholder's signature

Stockholder's signature if stock held jointly

SIGN, DATE, AND RETURN THE PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

VOTES MUST BE INDICATED (X) IN BLACK OR BLUE INK.



CLEAR CHANNEL COMMUNICATIONS, INC.



AMERICA'S MEDIUM FOR THE MILLENNIUM

**\$56 BILLION MERGER BETWEEN CLEAR CHANNEL
COMMUNICATIONS AND AMFM INC. TO CREATE THE WORLD'S
LARGEST OUT-OF-HOME MEDIA COMPANY**

SAN ANTONIO and DALLAS, Texas – October 4, 1999 – Clear Channel Communications, Inc. (NYSE: CCU) and AMFM Inc. (NYSE: AFM) today announced that they have entered into a definitive merger agreement to create the world's largest out-of-home media entity. After anticipated divestitures required to gain regulatory approval, the combined company will have operations in 32 countries including approximately 830 radio stations and more than 425,000 outdoor displays as well as 19 television stations and significant equity interests in other leading radio broadcasting and outdoor advertising entities.

Pursuant to the Telecommunications Act of 1996 and other regulatory guidelines, it is expected that collectively Clear Channel and AMFM may divest approximately 125 radio stations to secure regulatory approval for the merger. The station sales resulting from the merger should serve the public interest by increasing the diversity and ownership of radio broadcasting properties.

The proposed merger-of-equals values AMFM at \$23.5 billion, including the assumption of approximately \$6.1 billion of AMFM debt. The combined entity will be called Clear Channel Communications. Lowry Mays will remain Chairman and CEO and Thomas O. Hicks, currently the Chairman and Chief Executive Officer of AMFM Inc., will serve as Vice Chairman of the combined entity. Mark Mays will continue to serve as Clear Channel's President and Chief Operating Officer, and Randall Mays as Executive Vice President and Chief Financial Officer. The Board of Directors of the new company will consist of the current eight members of the Clear Channel Board and five members of the AMFM Board to be designated by AMFM.

Lowry Mays said, "This merger creates the world's pre-eminent out-of-home media enterprise focused on the fast-growing radio and outdoor advertising sectors. Over the past several years Clear Channel has successfully focused on the out-of-home opportunity because of its compelling fundamentals, driven by an increasingly mobile society that spends more time driving, listening to the radio and viewing outdoor displays. As a result of this growing trend

and a recognition of the high degree of cost-effectiveness it makes possible, advertisers have increasingly relied on out-of-home media to reach consumers. By combining Clear Channel's broad portfolio of out-of-home assets with AMFM's leading portfolio of well-clustered, well-managed, highly rated and geographically diversified radio operations, including a significant major market presence, we will not only be the undisputed industry leader, but will have the financial, programming, management and distribution resources to best serve the needs of this exciting, growing, global marketplace."

Tom Hicks said, "Clear Channel is the model of success in out-of-home media, and Lowry, Mark and Randall Mays have adeptly driven the company's growth through a combination of vision, superior operating results and financially astute, strategically sound acquisitions. These efforts have attracted a tremendous level of deserved respect from its partners, as well as from the advertising and financial communities. Combining the Clear Channel and AMFM assets will create significant operating and financial value through an entity with world-class operating management and local programming, content and branding spanning 32 countries. We are delighted to bring such an attractive transaction to our shareholders as it underscores our commitment to growth, our employees, our advertisers and the consumer marketplace which embraces out-of-home media for its local content, accessibility and low-cost, high-entertainment value. We are even more delighted that as a stock-for-stock transaction, our shareholders will be able to participate fully in what we believe is the tremendous upside potential of the combined enterprise."

Under the terms of the agreement, AMFM shareholders will receive 0.94 shares of Clear Channel Communications Inc. common stock, on a fixed exchange basis, for each share of AMFM Inc. held on the record date of the transaction (expected to be set for the second half of 2000). After giving effect to the transaction, which is expected to be a tax-free exchange, Clear Channel Communications will have approximately 582 million fully diluted common shares, with current AMFM shareholders owning approximately 37% and current Clear Channel Communications shareholders owning approximately 63% of the combined enterprise.

Clear Channel/AMFM Combined Assets

The combined entity will become the world's premier out-of-home media company reaching local, national and international consumers through a complementary portfolio of radio stations, radio broadcast networks, outdoor advertising displays and television stations located in 32 countries. Subject to actions taken to obtain regulatory clearances (it is expected that approximately 125 radio stations will be divested to comply with ownership limits), the merged company will include:

- 830 radio stations in 187 U.S. markets after anticipated divestitures;

-more-

- Equity interests in over 240 radio stations internationally primarily in Australia, New Zealand, Mexico, Norway, England and the Czech Republic;
- 425,000 outdoor displays. Clear Channel provides outdoor advertising services in over 35 domestic markets and 29 international markets;
- 19 television stations which are affiliated with various television networks, including FOX, UPN, ABC, NBC and CBS; and
- Katz Media, the only full-service media representation firm in the United States serving multiple types of electronic media.

Mr. Mays concluded, "I look forward to working with Tom Hicks and AMFM's great radio operating team led by Jim de Castro as well as Randy Michaels and their teams, in extending Clear Channel's unsurpassed record of growth for the benefit of our shareholders, advertisers, audiences and employees. We also believe the merger and the divestiture of certain stations may create new acquisition opportunities for minority-owned broadcasting entities, a sector that the Clear Channel organization is committed to supporting."

The merger has been approved by the Boards of Directors of both AMFM Inc. and Clear Channel Communications, Inc. The transaction is expected to be consummated in the second half of 2000, subject to a vote by stockholders of both companies, FCC and other regulatory approvals (including expiration of the applicable Hart-Scott-Rodino waiting period) and other customary closing conditions. Hicks, Muse, Tate & Furst Incorporated and its affiliates, AMFM's largest shareholders with approximately 27% of AMFM's outstanding shares, and Lowry Mays who holds approximately 9% of Clear Channel's outstanding shares, have indicated they will vote in favor of the transaction.

Salomon Smith Barney acted as financial advisor to Clear Channel and Morgan Stanley Dean Witter & Co., Greenhill & Company, Deutsche Banc Alex Brown and Chase Securities, Inc. served as financial advisors to AMFM.

About Clear Channel Communications

Clear Channel Communications, Inc. (<http://www.clearchannel.com/>) is a global leader in the out-of-home advertising industry with radio and television stations and outdoor displays in 32 countries around the world. Including announced transactions, Clear Channel operates 512 radio and 19 television stations in the United States and has equity interests in over 240 radio stations internationally. Clear Channel also operates more than 425,000 outdoor advertising displays.

About AMFM Inc.

AMFM Inc., the nation's largest radio broadcasting entity, consists of the AMFM Radio Group, including the AMFM Radio Networks and the Chancellor Marketing Group, and the AMFM New Media Group, including Katz Media and AMFM's Internet operations. Reflecting announced transactions, AMFM Radio Group with approximately 443 stations in 100 markets reaches a weekly listener base of 64 million people. The AMFM Radio Networks offers syndicated programming nationwide. Chancellor Marketing Group is a full-service sales promotion firm developing integrated marketing programs for Fortune 1000 companies. AMFM's Katz Media is the only full-service media representation firm in the United States serving multiple types of electronic media. AMFM's Internet operations focus on developing AMFM's e-commerce web sites, streaming online broadcasts of AMFM's on-air programming and other media, and promoting emerging Internet and new media concerns.

AMFM Inc. was formed in January 1994 with the acquisition of two radio stations in Sacramento, California by Hicks, Muse, Tate & Furst Incorporated. Upon completion of the proposed merger between AMFM and Clear Channel, Hicks, Muse, Tate & Furst Incorporated and its affiliates will own approximately 10% of Clear Channel Communications and will be the Company's largest shareholder.

CONTACT:

Randall Mays
Chief Financial Officer
Clear Channel Communications Inc.
210/822-2828

D. Geoffrey Armstrong
Chief Financial Officer
AMFM Inc.
214/922-8700

Joseph N. Jaffoni
Stewart A. Lewack
Jaffoni & Collins Incorporated
212/835-8500; afm@jcir.com

This news announcement contains certain forward-looking statements that are based upon current expectations and involve certain risks and uncertainties within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Key risks are described in Clear Channel's and AMFM's reports filed with the U.S. Securities and Exchange Commission. Readers should note that these statements may be impacted by several factors, including economic changes and changes in the broadcasting industry generally, the ability of Clear Channel and AMFM to consummate a merger and successfully integrate operations and, accordingly, the Company's actual performance and results may vary from those stated herein and Clear Channel and AMFM undertake no obligation to update the information contained herein.

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HISPANIC BUSINESS[®]

Debate Over Dot-Com Ban

Does the network's decision to refuse portal promotions constitute an anti-competitive practice?

Questions over the legality of Univision's market clout have gained new impetus since December 1999, when the network refused to accept advertising from Internet portals. Since dot-com advertising was the fastest growing segment of Univision's portfolio, the move sent tremors throughout the Hispanic marketing industry. *Ad Age* quoted Carl Kravetz of agency cruz/kravetz: Heas as saying "If Microsoft was doing it, they would be in front of a judge right now."

Presumably, the ad ban stems from a desire to keep competitors off the air until Univision develops and launches its own Web portal. When *Hispanic Business* contacted Univision for comment, a spokeswoman confirmed the company's long-standing policy of talking about shows and stars, but not issues.

"In the classic language of anti-trust, they are extending market dominance from one industry to another. That's what Microsoft was accused of," says Luke Froeb, professor at Vanderbilt University and a former anti-trust official at the Justice Department. "On the face of it, it appears [Univision] would run afoul of the anti-trust laws."

As a practical matter, Mr. Froeb doubts whether authorities would act against the network, since its tactics hurt itself as much as anyone else. "Economists would look at the effects of their refusal to advertise rival portals. Would it make any difference? I'm not sure it would. It might force portals to other media and erode Univision's dominance." Robert Rose, a former sales executive at Univision, reduces the question to dollars. "In the short term, [Univision] pocketed up a lot of money," he says. "They don't have an exclusive audience like they have in TV, so now they have to create a Web site that will recoup that money. I don't know how they're going to do that."

But Mr. Kravetz sees the Univision site extending the network's market reach into cyberspace. "They have done their homework in terms of [site] content. Unlike other portals, which only vary or another are coming out of Latin America, Univision's site is designed to go after a new audience—namely, their core Spanish-speaking [television] audience," he explains. "They have developed a model that will put a lot of other Latino portals at risk."

So far, Univision.com has recruited a high-profile team, including Diego Ruiz, former manager of Univision station KUEX-TV in Los Angeles, and Louis Romero, previously sales manager at Latam Hispanic Media. According to filings with the Securities and Exchange Commission (SEC), Univision plans to spend \$8 million on the site this year, not counting free on-air promotional spots, and has earmarked another \$25 million in digital technology investment over three years. The company has announced its intention to move beyond being a Web site to become an Internet service provider, a lucrative strategy that ties into the target audience of new Spanish-speaking Web users. The Univision.com site will launch sometime in the first half of 2000, according to SEC documents.

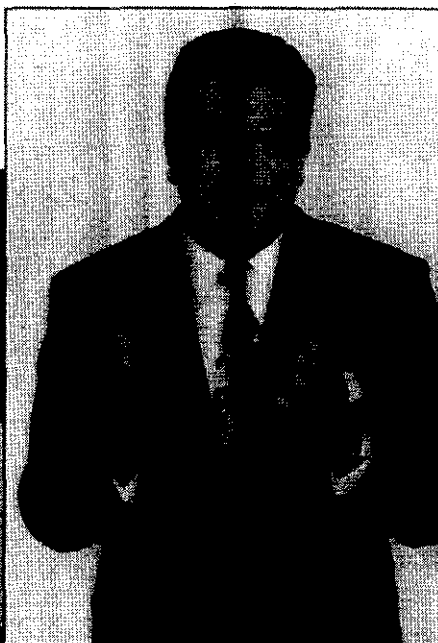
"In the classic language of anti-trust, they are extending market dominance from one industry to another. That's what Microsoft was accused of."

— Luke Froeb,
former Justice Department
anti-trust official

A Broadcaster Without Rival

Have Univision's "Mexican formula" and business practices created an unhealthy market for Spanish-language television?

By Janet R. Rosel



Like other Univision stars, Ernie and Edie Soto and Dan F. Soto are also double-duty as show hosts and spokespersons for major network sponsors.

Advertising expenditures on Spanish-language TV reached almost \$1.1 billion last year, according to **HISPANIC BUSINESS** estimates. A single company, Univision Communications, controlled about 63 percent of that total. In many industries, that would merit the label monopoly, but by positioning itself as just one player in the multibillion-dollar television sector, Univision has managed to maintain its market dominance unchallenged.

Lack of competition in both advertising and programming has created "a very unhealthy market," says Robert Rose, a former sales executive with Univision and now CEO of New York-based Artist & Idea Management, a producer's rep firm. "It's bad for Univision, and it's bad for Latino viewers. ... They are so dominant, they can just enjoy their position."

Many CEOs, advocacy groups, media executives, and congressional offices contacted by **HISPANIC BUSINESS** for this article declined to comment on Univision's obvious market dominance.

"It's not healthy for any industry when one player is that dominant," concurs Carl Kravetz, CEO of advertising agency cruz/kravetz: Ideas in Los Angeles. "On the other hand, they have earned their dominance. ... They understood their audience better than anyone else."

Accusations of anti-competitive practices against Univision gained a high-tech profile late last year when the network refused to accept advertising from Internet sites (see accompanying story, "Debate Over Dot-Com Ban"). Meanwhile, the company has quietly increased market share in its core broadcast market without arousing scrutiny. In fact, many CEOs, advocacy groups, media executives, and congressional offices contacted by **HISPANIC BUSINESS** for this article declined to comment on Univision's obvious market dominance.

Along with many industry experts, Mr. Kravetz points to Univision's inexpensive foreign programming as the linchpin of its market control. License agreements with Mexico's Televisa and Venezuela's Venevision give the network right of first refusal to buy those networks' programs through 2017, according to filings

with the Securities and Exchange Commission. Such agreements, Mr. Kravetz says, mean Univision "is not in the production business, but in the programming distribution business. They don't have to produce fresh programming the way [the competition] does."

Legally, such exclusive purchasing agreements cross the line only if the programs amount to an "essential facility" for broadcasters, according to Luke Froeb, professor at Vanderbilt University and a former anti-trust official at the Justice Department. "Suppose a station wanted to buy programming. They could sue under anti-trust laws and argue that the contracts are anti-competitive," says Mr. Froeb. "You could see somebody suing to attack those exclusivity restrictions."

But under CEO Jerry Perenchio, who bought the network in 1992, Univision has developed a defense against complaints of anti-competitive practices by redefining its market. In the words of Mr. Kravetz, "they perceive themselves not as a Hispanic company, but as a media company that has to compete one-on-one with every other mainstream media company." And in a league with ABC, NBC, CBS, and Fox, Univision doesn't stand out as a market force.

If, as economist Edward Millner of Virginia Commonwealth University asserts, a distinguishing characteristic of a monopoly is "the ability to increase price in the market," then Univision appears at a disadvantage, given the low ad rates for Spanish-language media. "The way Univision looks at it, they way underperform," explains Mr. Rose. "Let's say, for example, that if they have a 10 share [of viewership] in a market, they might get 4 percent of the ad revenues. Something is wrong in that equation. That's when they see themselves competing against Fox, ABC, and the other networks."

Yet while Univision portrays itself as a mainstream U.S. corporation, its business model rests on a type of old-time market

Debate Over Dot-Com Ban

Does the network's decision to refuse portal promotions constitute an anti-competitive practice?

Questions over the legality of Univision's market clout have gained new impetus since December 1999, when the network refused to accept advertising from Internet portals. Since dot-com advertising was the fastest-growing segment of Univision's portfolio, the move sent tremors throughout the Hispanic marketing industry. *Ad Age* quoted Carl Kravetz of agency cruz/kravetz, Inc. as saying "If Microsoft was doing it, they would be in front of a judge right now."

Presumably, the ad ban stems from a desire to keep competitors off the air until Univision develops and launches its own Web portal. When *HISPANIC BUSINESS* contacted Univision for comment, a spokeswoman confirmed the company's long-standing policy of talking about shows and stars, but not issues.

"In the classic language of anti-trust, they are extending market dominance from one industry to another. That's what Microsoft was accused of," says Luke Froeb, professor at Vanderbilt University and a former anti-trust official at the Justice Department. "On the face of it, it appears [Univision] would run afoul of the anti-trust laws."

As a practical matter, Mr. Froeb doubts whether authorities would act against the network, since its tactics hurt itself as much as anyone else. "Economists would look at the effects of their refusal to advertise rival portals. Would it make any difference? I'm not sure it would.... It might force portals to other media and erode Univision's dominance." Robert Rose, a former sales executive at Univision, reduces the question to dollars. "In the short term, [Univision] passed up a lot of money," he says. "They don't have an exclusive audience like they have in TV, so now they have to create a Web site that will recoup that money. I don't know how they're going to do that."

But Mr. Kravetz sees the Univision site extending the network's market reach into cyberspace. "They have done their homework in terms of [site] content. Unlike other portals, which one way or another are coming out of Latin America, Univision's site is designed to go after a new audience—namely, their core Spanish-speaking [television] audience," he explains. "They have developed a model that will put a lot of other Latino portals at risk."

So far, Univision.com has recruited a high-profile team, including Diego Ruiz, former manager of Univision station KMEX-TV in Los Angeles, and Luis Romero, previously sales manager at Katz Hispanic Media. According to filings with the Securities and Exchange Commission (SEC), Univision plans to spend \$9 million on the site this year, not counting free on-air promotional spots, and has earmarked another \$25 million in digital technology investment over three years. The company has announced its intention to move beyond being a Web site to become an Internet service provider, a lucrative strategy that ties into the target audience of new Spanish-speaking Web users. The Univision.com site will launch sometime in the first half of 2000, according to SEC documents.

control that scholar John Sinclair calls "the Mexican formula," a system in which one large and profitable network and a smaller competitor share a confined space. Even today, the dominant Univision and token rival Telemundo mirror the broadcast industry in Mexico, with giant Televisa handily beating smaller network TV Azteca. In his book *Latin American Television: A Global View* (Oxford University Press, \$19.95), Mr. Sinclair describes the

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former anti-trust official at the Justice Department

Controversy Colors Network Success

Under the leadership of former Hollywood agent Jerry Perenchio, Univision's revenues have increased from \$200 million in 1992 to \$693 million last year. Today the network enjoys an audience share above 90 percent, a gross profit margin of 55.9 percent, and a market capitalization of \$7.1 billion. But success has come amid accusations of anti-competitive practices, foreign control, and lack of sensitivity to the U.S. Hispanic community. The timeline below tracks milestones along Univision's ascent.

1982

Jerry Perenchio buys Univision from Hallmark for \$509 million.

Major Hispanic groups oppose the sale, including the League of United Latin American Citizens, the National Hispanic Media Coalition, and the National Puerto Rican Coalition. Their worries entail concerns about equal employment opportunities, anti-competitive practices, and foreign control of the network through minority stakes held by Televisa of Mexico and Venevision of Venezuela. Despite the outcry, Mr. Perenchio prevails and the FCC votes unanimously to approve the sale (see "Telemundo Wired for TV Wars," December 1992).

Henry Cisneros joins the network as chief operating officer.

The network receives wide praise for putting the popular former secretary of Housing and Urban Development in a top management position. Months later, Mr. Cisneros faces the possibility of prison when prosecutors indict him for lying to the FBI during a background check. A four-year probe, a grand jury investigation, and trial end in 1999 after Mr. Cisneros agrees to plead guilty to one misdemeanor charge and pay a \$10,000 fine.



1992-94

Nielsen learns Spanish.

The new owners invest in a programming face-lift and a high-powered sales team. The company's sales strategy centers on audience measurement. Nielsen Media Research begins tracking Spanish-language network viewership in 1992, with Univision paying about \$15 million for the service. By 1994, Nielsen tracks Univision stations in 11 markets. Telemundo executives charge Nielsen with favoritism toward Univision, saying Telemundo didn't have access to the numbers. Nielsen counters that Telemundo was offered the service and declined (see "The Year Belongs to Univision," December 1994).

1998

Univision opposes TCI-Sony purchase of Telemundo.

"It is the anti-competitive impact of having [cable TV operator] TCI in the role of both broadcast competitor and gatekeeper to cable television households that particularly concerns Univision," states one petition from Univision attorneys. Critics argue that Univision simply wants to protect its hegemony (see "Unwelcome Competition," June 1998).

1996

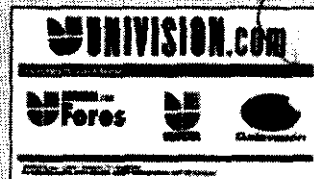
Univision goes public.

The IPO raises \$187 million on the sale of 8.2 million shares. That represents only 14.8 percent of the company's outstanding equity, with the rest remaining with Mr. Perenchio (39.5 percent), Televisa, and Venevision (about 23 percent each).

1997

Mr. Perenchio ranks as top fundraiser for California Governor Pete Wilson.

During the 1995-96 election cycle, Mr. Perenchio contributes \$276,000 to the campaign of Pete Wilson, the Republican who backed Proposition 187, a measure to end all ethnicity-based government programs, including those that target Hispanics. According to Common Cause, Univision's CEO made the largest contribution of any individual or group to the governor (see "Univision CEO Speaks - Sort Of," November 1997).



1999

Internet strategy sparks dot-com advertising controversy.

While developing its own Web site, Univision refuses to air advertisements from other, potentially competing sites. Given the broadcaster's dominant market position, the decision sparks charges of monopoly and private censorship. *Ad Age* quotes Karl Kravetz of ad agency cruz/kravetz Ideas as saying "it borders on illegality. If Microsoft was doing it, they would be in front of a judge right now."

2000

Union employees stage hunger strike.

Journalists at KFTV in Fresno, California, wear shirts with the word "Unionvision" to a business luncheon where COO Henry Cisneros offers a keynote speech. The broadcasters demand wages equal to what workers at English-language stations in the same market receive. News anchor Fernin Chavez, the highest-paid protester, has a salary of \$32,500, about a third what anchors receive at competing stations. The master control technician takes home \$21,481, while comparable employees earn around \$30,000 in the same market, according to the Communications Workers of America. KFTV, a Univision affiliate, ranks as the top Fresno station in any language.

Mexican formula as "a kind of division of labor" in which TV Azteca's activities help "to legitimize those of Televisa and shore up its quasi-monopoly."

The modern Univision exists as a marriage between the Mexican system and a U.S.-style corporate culture grafted on by Mr. Perenchio. In the last eight years, he has orchestrated a series of changes to improve the sophistication and market share of the network (see accompanying article, "Controversy Colors Network Success"). These changes include Spanish-language Nielsen ratings, a listing on the New York Stock Exchange, and the recruitment of executives from general-market broadcasting. "Today their executives are less Hispanic, their business philosophy is less Hispanic, and their involvement in the [Hispanic] community is way less than ever before," observes Mr. Kravetz.

In terms of public relations, Mr. Perenchio's Univision has hired former Housing and Urban Development Secretary Henry Cisneros as chief operating officer and has developed a news department that won two national Emmy Awards last year, a first in Spanish-language TV. Behind the fanfare, the company has retained Televisa's approach of keeping quiet about its business practices. Like his Mexican counterparts, Mr. Perenchio doesn't grant interviews, and the company declined comment for this article. Instead, the network uses its stable of highly visible stars to promote both Univision and its major advertisers. Don Francisco of "Sabado Gigante," Cristina Saralegui of "Cristina," and Sofia Vergara of "A Que No Te Atreves" have acted as spokespeople for AT&T, Buick, and Procter & Gamble, among others. And just as Televisa makes advertisers buy time at the beginning of the year under its "French Plan," Univision has pushed aggressively to pre-sell time, reporting sales of \$425 million in the "upfront season" for 1999-2000.

Although the network's programming has earned the disapproval of consumer groups, Univision continues as it has since the 1960s to work under a "model whereby entertainment programming generated for a commercial audience in Mexico, and already paid for and proven there, could do double service by attracting a culturally and linguistically similar audience on the other side of the border," in the words of Mr. Sinclair. Today, Univision and Televisa, which still owns a significant share of the U.S. network, "work very closely together in the production of novelas, with

Univision being involved in the selection of story lines and the casting of stars," states a report from Starcom, a division of the Leo Burnett advertising agency.

On the programming front, Mr. Millner's remark that "firms with monopoly power may be less responsive to consumer needs" seems to fit. Since Mr. Perenchio bought the network, advocacy groups have asked for more U.S.-based programming, but the network continues to import much of its schedule. "The Mexican model in U.S. Hispanic television reflects the audience," laments Federico Subervi, associate professor of communications at the University of Texas at Austin. "As much as those U.S. Hispanics who are bilingual and acculturated would like broader programming, [Univision] is only one network. So they go to programs that give maximum audience."

Mr. Rose offers another assessment, saying Univision's evening news broadcast ranks as its most popular program, earning as

Salary Plus

Public documents reveal Univision's executive compensation.

Univision's market control has made a fortune for the company, as well as for its top executives. As a publicly traded company, the network must disclose the compensation to its management team in filings with the Securities and Exchange Commission. The numbers below represent total compensation for 1998, the latest available figures.

**A. Jerrold Perenchio,
Chairman & CEO:
\$0**

"Mr. Perenchio serves as chairman of the board and chief executive officer without compensation," according to SEC documents. However, he earned \$1.3 million by exercising stock options in 1998. He owns approximately 20 million shares of Univision with a current market value around \$1.8 billion.

**Henry Cisneros, COO:
\$2.23 Million**

Mr. Cisneros received \$493,205 in salary, a \$500,000 cash bonus, and \$1.24 million by the exercise of stock options. In January 2000, he sold 66,668 shares of his Univision stock for \$7.46 million.

**George Blank, CFO:
\$3.98 Million**

Mr. Blank took home \$550,000 in salary, the same as a cash bonus, and \$2.48 million from stock options.

**Robert Cahill, Secretary:
\$4.3 Million**

He received \$500,000 in salary, another \$500,000 in cash, and \$3.3 million from his stock options. He serves as executive vice-president of Chartwell Partners, an investment firm affiliated with Mr. Perenchio.

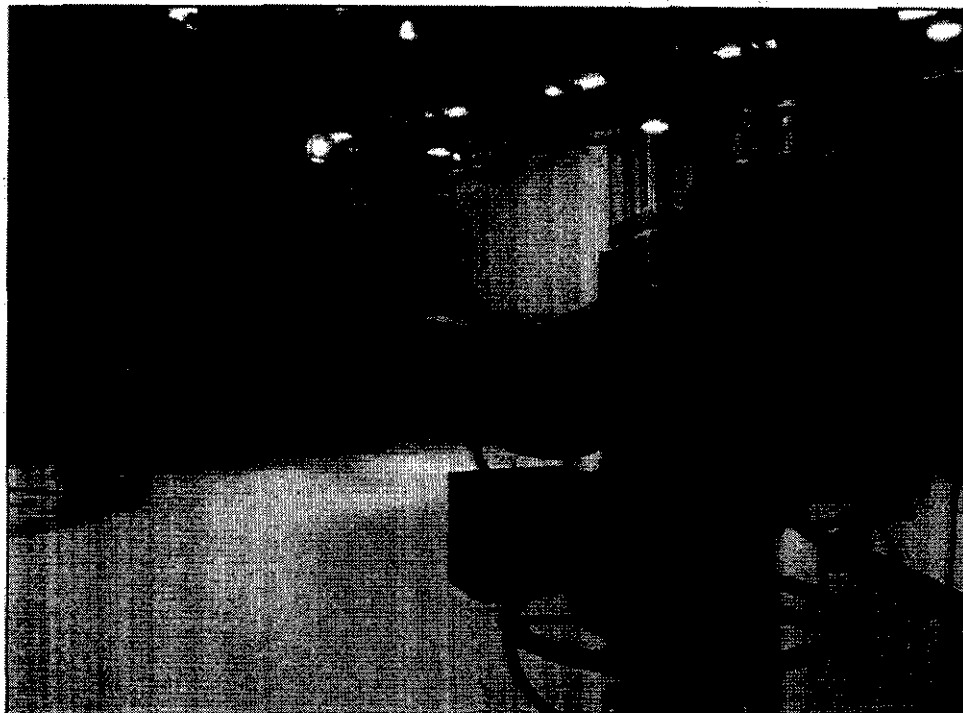
**Ray Rodriguez, Network President:
\$4.6 Million**

The former manager of singer Julio Iglesias earned \$650,000 in salary, an identical amount as a bonus, and \$3.3 million by cashing in his stock options.

high as a 26 percent share of the total market in certain cities. But "when entertainment [programming] comes on, it drops from a 26 share to a 10," Mr. Rose contends. "If that happened in the general market, those shows would be canceled. ... There's a huge audience that's not being addressed - Latinos with U.S. sensibilities."

Mr. Subervi adds that while children's programming on the network has improved of late, a study he conducted several years ago showed Univision stations "really falling short in fulfilling the guidelines on educational and informational programming" from the Federal Communications Commission. "Watchdog organizations get on the case when general-market stations don't do a good job with educational programs," he says. "No one has done this for Univision or Telemundo."

Even with the growing dissatisfaction of second- and third-generation Hispanic viewers, "the commercial success of Univision does not appear to have been dented," writes Mr. Sinclair. On the contrary, the company's stock price nearly tripled in 1999, reaching close to \$90 per share from a trading in the low \$30 range, where the price had been for the previous year, despite rising revenues. At press time, the stock traded at \$108, giving Univision a market capitalization of \$7.1 billion. The bull market has yielded windfall gains for the company's top managers



(see accompanying story, "Salary Plus"), as well as fueling speculation that the network may follow the example of general-market broadcasters by preparing a separate public offering for its Web venture.

Yet language and culture loom as major clouds on the Univision horizon. Acculturated Hispanics spend nearly three hours watching English-language TV for every one hour they spend on Spanish-language stations, according to data from Strategy Research Corp., and English usage increases with each generation. "Second- and third-generation Latinos look at Spanish-language TV and say the quality is ridiculous," says Mr. Rose. "Sixty-six percent of the [U.S. Hispanic] audience is under the age of 35. That's the audience they're losing, and it's the one advertisers want."

In the future, Univision will face new competition and fragmentation, particularly in cyberspace and cable. "HBO en Español is going full force. Nickelodeon will produce a lineup of shows. With second audio capability, there will be more U.S. programs with Spanish-language dubbing," says Mr. Subervi. "In this environment, Univision and Telemundo would benefit by partnering with competitors to get more cross-promotion. Otherwise, it will become a more fragmented audience for all these folks."

For now, Univision controls more than 90 percent of Hispanic television, with an average of 4 million viewers tuning in every night. As long as Spanish-language broadcast TV remains a universe of two, the company will, according to the Starcom report, "continue closing its audience 'gap' against CBS and sealing its position as the fifth-largest network in the country."

AB

**"Watching organizations get on the case
when general market stations don't do
a good job with educational programs.
No one has done this for Univision or
Telemundo."**

Federico Subervi

Associate Professor, University of Texas at Austin